

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 SS-15 COME-00 AGR-05 TRSE-00

STR-04 CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 TAR-01 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

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DRAFTED BY ARA/BR:JSLATTERY:TR

APPROVED BY ARA:HARYAN

ARA/ECP:WKNEPPER S/S:FVORTIZ

ARA/BR:RWZIMMERMANN

EB/ITP:MGLITMAN

E:MLINTON

COMMERCE:CSIEGEL (DRAFT)

AGRICULTURE:WSTARKEY (DRAFT)

TREASURY:JJOHNSON (DRAFT)

STR:SLANDE

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R 042323Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMEMBASSY CARACAS

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E.O. 11652: N/A

TAGS:EGEN, ETRD, BR,PFOR

SUBJECT:BILATERAL TRADE CONSULTATIVE GROUP

1. EMBASSY IS REQUESTED TO OUTLINE TO GOB OFFICIALS OUR  
GENERAL IDEAS ABOUT SCOPE OF AND AGENDA FOR PROPOSED  
BILATERAL TRADE CONSULTATIVE GROUP AND REPORT THEIR RE-  
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ACTIONS. WE WOULD ALSO APPRECIATE EMBASSY'S SUGGESTIONS.

SHOULD GOB OFFICIALS FEEL THAT SUCH A BILATERAL TRADE CONSULTATIVE GROUP WOULD BE HELPFUL, ITS FORMATION AS WELL AS A PRELIMINARY FIRST MEETING COULD BE HELD DURING CONSULTATION MISSION OF UNDER SECRETARY ROBINSON MENTIONED PARAGRAPH 5.

2. PRIMARY FUNCTIONS OF GROUP, IN OUR VIEW, WOULD BE TO  
A) FOCUS ON EACH COUNTRY'S PERCEPTIONS AND CONCERNS ABOUT EACH OTHER'S TRADE POLICY, B) CONSULT ON LONGER-RUN STRATEGIES AND OBJECTIVES PURSUED BY BRAZIL AND US IN THE MTN; AND C) DISCUSS CURRENT AND POTENTIAL SPECIFIC IRRITANTS IN TRADE RELATIONS. WE DO NOT REPEAT NOT WISH TO RAISE EXPECTATION THAT GROUP COULD NEGOTIATE SOLUTIONS TO OUR TRADE PROBLEMS, BUT WE BELIEVE THAT INTENSIVE PERIODIC BILATERAL CONSULTATIONS ON SPECIFIC TRADE ISSUES WOULD RESULT IN FULLER UNDERSTANDING OF THE OBJECTIVES AND CONSTRAINTS ON BOTH SIDES AND MIGHT DEVELOP APPROACHES LEADING TO RESOLUTION OF SOME OF THESE ISSUES IN OTHER FORUMS.

3. GROUP WOULD BE RELATIVELY INFORMAL AND WOULD MEET ON AD HOC BASIS FOR ABOUT TWO DAYS (NOT LESS THAN ANNUALLY, ALTERNATING BETWEEN BRASILIA AND WASHINGTON). GROUP'S MANDATE WOULD BE CLEARLY LIMITED TO TRADE ISSUES, AND WE WOULD NOT REPEAT NOT FAVOR ITS EXPANSION INTO OTHER AREAS, WHICH COULD BE SUBJECT FOR SEPARATE CONSULTATIONS, IF DESIRED. WE DO NOT REPEAT NOT CONSIDER IT TO BE COUNTER-PROPOSAL TO BROAD, POLITICAL-LEVEL BILATERAL COMMISSION ENVISIONED BY SILVEIRA. IN THE CASE OF THE US, OUR TEAM AT FORMAL MEETINGS WOULD CONSIST OF STATE AND STR CO-CHAIRING, AND INCLUDE REPRESENTATIVES OF TREASURY, COMMERCE AND AGRICULTURE.

4. IN APPROACHING GOB, YOU MAY WISH TO NOTE THAT THIS MECHANISM CONSTITUTES ANOTHER RECOGNITION OF IMPORTANCE WE PLACE ON MAINTAINING CLOSE AND CONSTRUCTIVE RELATIONS WITH BRAZIL, ESPECIALLY IN SUCH AN AREA OF INCREASING IMPORTANCE AS TRADE, HOWEVER IN VIEW OF BOTH US AND BRAZILIAN SENSITIVITY ABOUT SPECIAL POSITION OF BRAZIL VIS-A-VIS OTHER LATIN AMERICAN COUNTRIES, WE WOULD LIKE TO KEEP PUBLIC PROFILE OF THIS GROUP AS LOW AS PRACTICABLE.

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5. WE DO NOT YET HAVE DATES OR DETAILED PLANS FOR VISIT BY GROUP OF HIGH-LEVEL US OFFICIALS LED BY UNDER SECRETARY ROBINSON, BUT WE ARE TENTATIVELY PLANNING FOR JULY 7-9, OR JULY 21-23. WE BELIEVE THIS VISIT COULD SERVE BOTH FOR CONSULTATION ON GENERAL ECONOMIC TOPICS, AS WELL AS FIRST PRELIMINARY MEETING OF TRADE GROUP.

6. WE SUGGEST FOLLOWING AGENDA FOR TRADE CONSULTATIONS:

A) STATUS OF WORK PROGRAMS IN MTN WORKING GROUPS, AND US AND BRAZILIAN OBJECTIVES AND STRATEGIES FOR MTN (INCLUDING EXPORT SUBSIDIES AND COUNTERVAILING DUTIES), B) INTERPRETATION AND IMPLEMENTATION OF US TRADE ACT OF 1974, INCLUDING OPERATION OF GSP, C) EXCHANGE OF VIEWS ON COMMODITY POLICY, AND D) BILATERAL TRADE ISSUES. AMONG THE ITEMS WE PROPOSE TO DISCUSS UNDER D) WILL BE: 1) BRAZILIAN IMPORT RESTRAINTS, 2) IMPLEMENTATION OF BRAZILIAN CONCESSIONS NEGOTIATED IN GATT, 3) BRAZILIAN SHIPPING POLICY. HOWEVER, WE DO NOT REPEAT NOT EXPECT BILATERAL ISSUES TO BE MAJOR FOCUS OF DISCUSSION, AND PLAN TO EMPHASIZE ITEMS A, B AND C. WE DO NOT REPEAT NOT INTEND TO DISCUSS COFFEE OR TEXTILE NEGOTIATIONS, SINCE ACTIVE DISCUSSIONS ON THESE TWO SUBJECTS WILL PROBABLY BE UNDER WAY IN OTHER FORUMS, AT THE TIME OF THE VISIT. DETAILS OF SPECIFIC COUNTERVAILING OR ANTI-DUMPING CASES WOULD CONTINUE TO BE HANDLED AT THE TECHNICAL LEVEL, ALTHOUGH TREASURY WOULD BE READY TO DISCUSS COUNTERVAILING/SUBSIDY PROBLEMS IN GENERAL TERMS.

7. USG OFFICIALS WOULD ALSO BE READY DURING ROBINSON VISIT TO DISCUSS RELATED ECONOMIC ISSUES (.E.G., EXCHANGE OF VIEWS ON ENERGY DEVELOPMENTS, INVESTMENT POLICY). KISSINGER

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